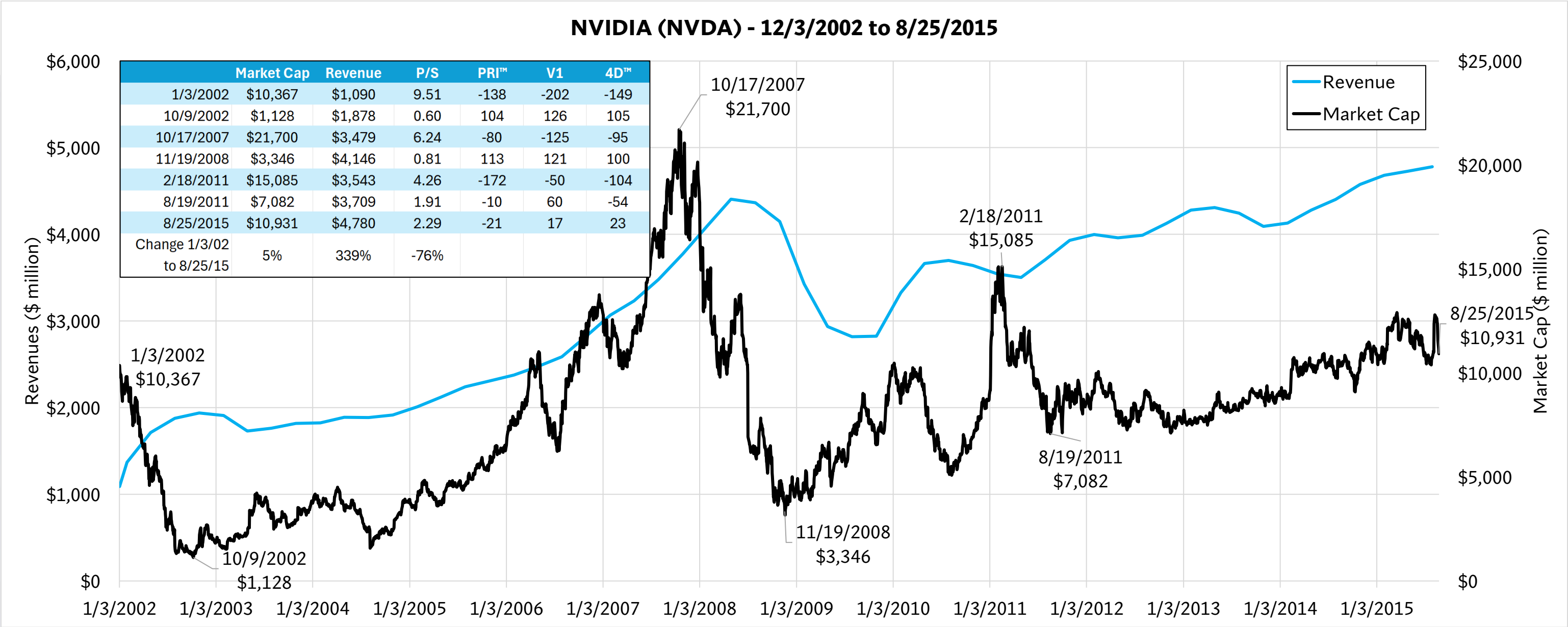


NVIDIA Report: The Mathematics Behind 13 Years of Standing Still

Stock performance follows mathematics, not opinion. The NVIDIA example underscores how data science empowers fiduciaries to protect capital through disciplined valuation calculations.



Between 2002 and 2015, NVIDIA’s revenues surged from \$1.1 billion to \$4.8 billion—a remarkable 339% increase—yet its market capitalization rose only 5% over the same 13½-year span. During this period, the company’s valuation fluctuated dramatically, doubling and collapsing multiple times, only to finish almost exactly where it began. This enduring stagnation illustrates a fundamental law of investing: even exceptional business growth cannot create lasting shareholder wealth when a company’s market capitalization already exceeds the realistic net present value of its future profits.

- 1. Net Present Value (NPV) is not opinion; it is the mathematical ceiling for what a company can sustainably be worth.
- 2. Market capitalizations far above the NPV are statistical anomalies, not a permanent state.
- 3. Temporary price gains may occur, but mathematics dictates that persistent excesses in price relative to NPV increase both the probability and magnitude of future declines.
- 4. *Fiduciaries who neglect disciplined, data-driven NPV analysis expose their clients to losses that are measurable, predictable, and entirely avoidable—losses that are not hypothetical but inevitable.*
- 5. Equity Risk Sciences’ Profit Map™ quantifies that gap so decision-makers can act on reason, not hope.